

# Social Security



## Update 2003

After more than 65 years, Social Security is still a flexible program, one that Congress has changed from the original law to reflect the economic circumstances of the times. This update provides new information for 2003 for many items such as Social Security taxes and

benefits. By law, these numbers change automatically each year to keep the program up to date with increases in price and wage levels. Whether you're working or you're already getting Social Security benefits, these changes are important to you.

### INFORMATION FOR PEOPLE WHO ARE WORKING

#### Social Security and Medicare Taxes

| Social Security Taxes                   | 2002 Social Security tax rate     | 2003 Social Security tax rate     |
|---|-----------------------------------|-----------------------------------|
| Employee/Employer (each)                | 6.2% on earnings up to \$84,900   | 6.2% on earnings up to \$87,000   |
| Self-employed                           | 12.4%* on earnings up to \$84,900 | 12.4%* on earnings up to \$87,000 |
| *Can be offset by income tax provisions |                                   |                                   |
| Medicare Taxes                          | 2002 Medicare tax rate            | 2003 Medicare tax rate            |
| Employee/Employer (each)                | 1.45% on all earnings             | 1.45% on all earnings             |
| Self-employed                           | 2.9% on all earnings              | 2.9% on all earnings              |

**Work Credits**—When you work, you earn credits toward Social Security benefits. You need a certain number of credits to be eligible for Social Security benefits. The number you need depends on your age and the type of benefit you're applying for. You can earn a maximum of four credits each year. Most people need 40 credits to qualify for retirement benefits.

| 2002                   | 2003                   |
|------------------------|------------------------|
| \$870 earns one credit | \$890 earns one credit |

### INFORMATION FOR SOCIAL SECURITY BENEFICIARIES

#### Earnings Limits

Under federal law, people who are receiving Social Security benefits who have not reached full retirement age are entitled to receive all of their benefits as long as their earnings are under the limits indicated below. In 2003 the full retirement age is 65 and 2 months, but will increase gradually each year until it reaches 67 for people born in 1960 or later.

|   | 2002  | 2003  |
|---|---|---|
| At full retirement age (65 and 2 months) or older | No limit on earnings  | No limit on earnings  |
| Under age 65                                      | \$11,280<br>For every \$2 over the limit,<br>\$1 is withheld from benefits.   | \$11,520<br>For every \$2 over the limit,<br>\$1 is withheld from benefits.   |
| In the year you reach full retirement age         | \$30,000<br>For every \$3 over the limit,<br>\$1 is withheld from benefits<br>until the month you reach full<br>retirement age. | \$30,720<br>For every \$3 over the limit,<br>\$1 is withheld from benefits<br>until the month you reach full<br>retirement age. |

**Disability beneficiaries' earnings limits:** If you receive disability benefits, you can earn up to the monthly limit and still receive your benefits. You should tell us if you take a job or become self-employed, no matter how little you earn. If you still are disabled, you will be eligible for a trial work period and can continue receiving benefits for up to nine months. You also may be eligible for other work incentives to help you make the transition back to work.

|                            | 2002              | 2003              |
|----------------------------|-------------------|-------------------|
| Non-Blind                  | \$780 per month   | \$800 per month   |
| Blind                      | \$1,300 per month | \$1,330 per month |
| Work during a trial period | \$560 per month   | \$570 per month   |

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**INFORMATION FOR PEOPLE WHO RECEIVE SUPPLEMENTAL SECURITY INCOME**

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|  | 2002    | 2003    |
|--|---------|---------|
| <b>Monthly Federal SSI Payment (Maximum)</b> |         |         |
| Individual                                   | \$545   | \$552   |
| Couple                                       | \$817   | \$829   |
| <b>Monthly Income Limits</b>                 |         |         |
| Individual whose income is only from wages   | \$1,175 | \$1,189 |
| Individual whose income is not from wages    | \$565   | \$572   |
| Couple whose income is only from wages       | \$1,719 | \$1,743 |
| Couple whose income is not from wages        | \$837   | \$849   |

**Note:** If you have income, your monthly benefit generally will be lower than the maximum federal SSI payment. Remember, you must report all of your income to us. Some states add money to the federal SSI payment. If you live in one of these states, you may qualify for a higher payment. Your income can be greater than the limits indicated and you still may qualify.

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**INFORMATION FOR PEOPLE ON MEDICARE**

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Medicare costs are increasing this year to keep up with the rise in health care costs.

|   | 2002                       | 2003                       |
|---|----------------------------|----------------------------|
| <b>Hospital Insurance (Part A)</b>  |                            |                            |
| For first 60 days in a hospital, patient pays   | \$812                      | \$840                      |
| For 61st through 90th days in a hospital, patient pays  | \$203 per day              | \$210 per day              |
| Beyond 90 days in a hospital, patient pays (for up to 60 more days)   | \$406 per day              | \$420 per day              |
| For first 20 days in a skilled nursing facility, patient pays   | \$0                        | \$0                        |
| For 21st through 100th days in a skilled nursing facility, patient pays   | \$101.50 per day           | \$105 per day              |
| <b>Part A Premium Buy-In</b>  |                            |                            |
| The amount of the premium you pay to buy Medicare Part A depends on the number of Social Security credits you have earned. If you have: |                            |                            |
| 40 credits  | \$0                        | \$0                        |
| 30-39 credits   | \$175 per month            | \$174 per month            |
| less than 30 credits  | \$319 per month            | \$316 per month            |
| <b>Medical Insurance (Part B)</b>   |                            |                            |
| Premium   | \$54 per month             | \$58.70 per month          |
| Deductible  | \$100 per year (no change) | \$100 per year (no change) |
| After the patient has paid the deductible, Part B pays for 80 percent of covered services.  |                            |                            |

**Note:** If you get Medicare and your income is low, your state may pay your Medicare premiums and, in some cases, your deductibles and other out-of-pocket medical expenses. Contact your local medical assistance (Medicaid) agency, social services or welfare office to find out if they can help you.

